PHYSICAL DISTRIBUTION

Capt Ian Hester

9 Sep 2002

For the want of a nail...

Overview

- Definitions
- Examples—Commercial and Military
- Four Subfunctions
- Objectives of Distribution Systems
- Performance Requirements
- DLA Mission
- DLA Organization

Objectives

- Identify the four subfunctions of physical distribution
- Describe the financial benefits of facilities
- List the functions performed by DLA distribution centers
- Understand the performance requirements of military distribution systems

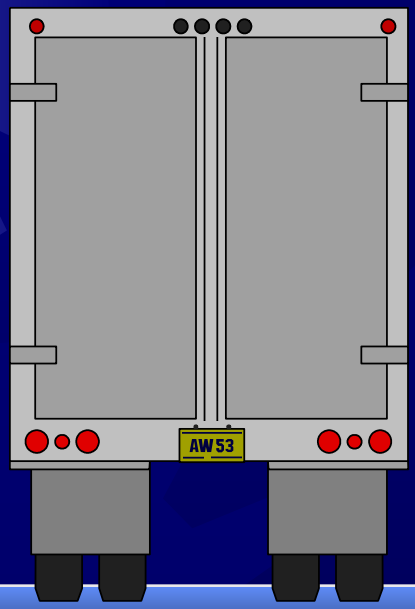
Physical Distribution

Physical distribution provides the logistics su
necessary to match manufacturing (procurem
to marketing goals (support of combat forces)
It provides the means of having products at th
right place, in the right quantity, at the right t
It involves the proper mix of storage locations
transport selection, inventory policy, and
communications.

Four
Subfunctions

Physical Distribution

The movement and handling of goods from the point of productio the point of consumption or use.



Prior To Recent Years, American Management's Philosophy Has Typically Been:

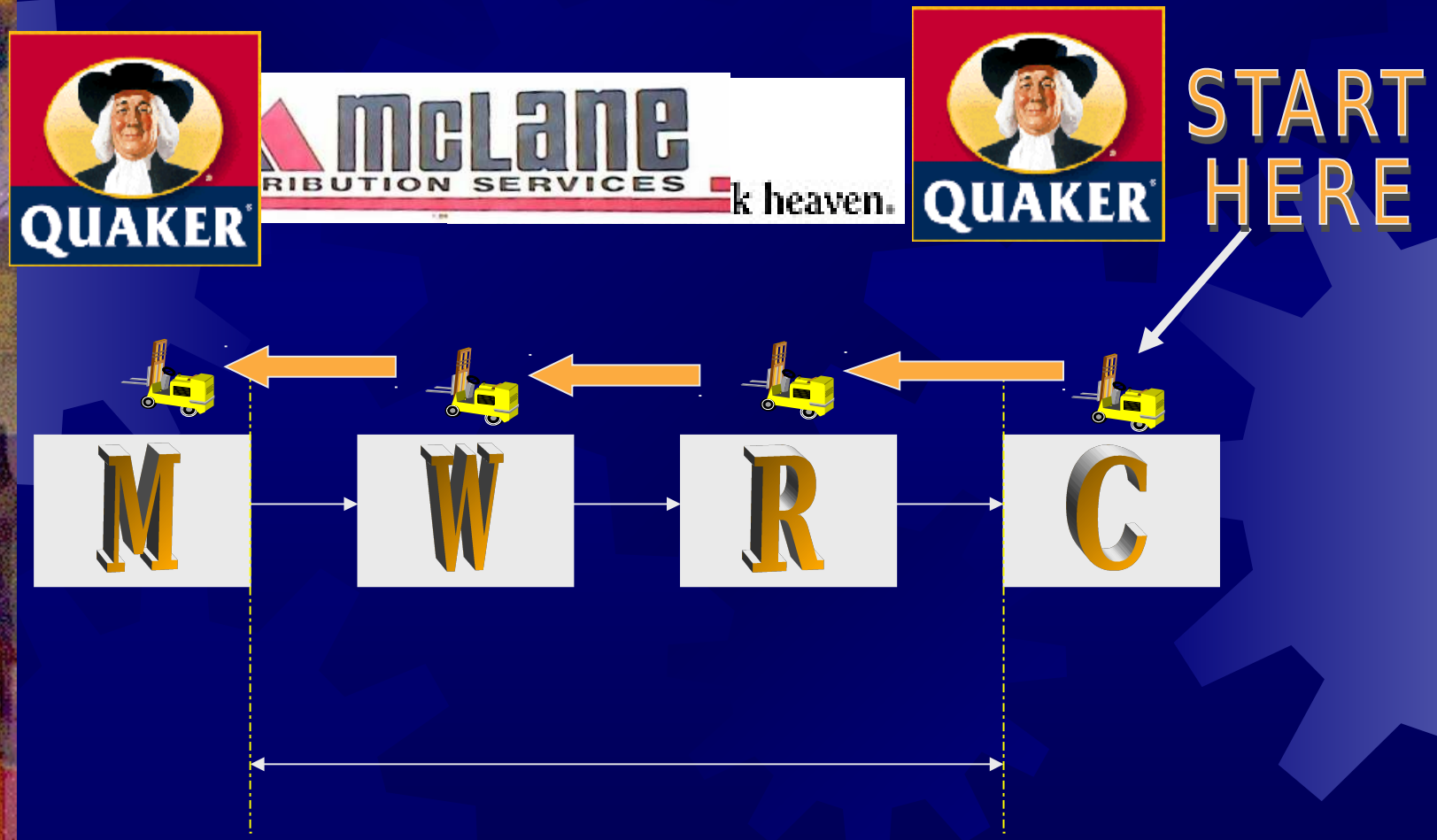
"If You're Smart Enough to Make It, Aggressive Enough to Sell It--then Any Dummy Can Get It There."

Executive Recognition of the Importance of Logistics:

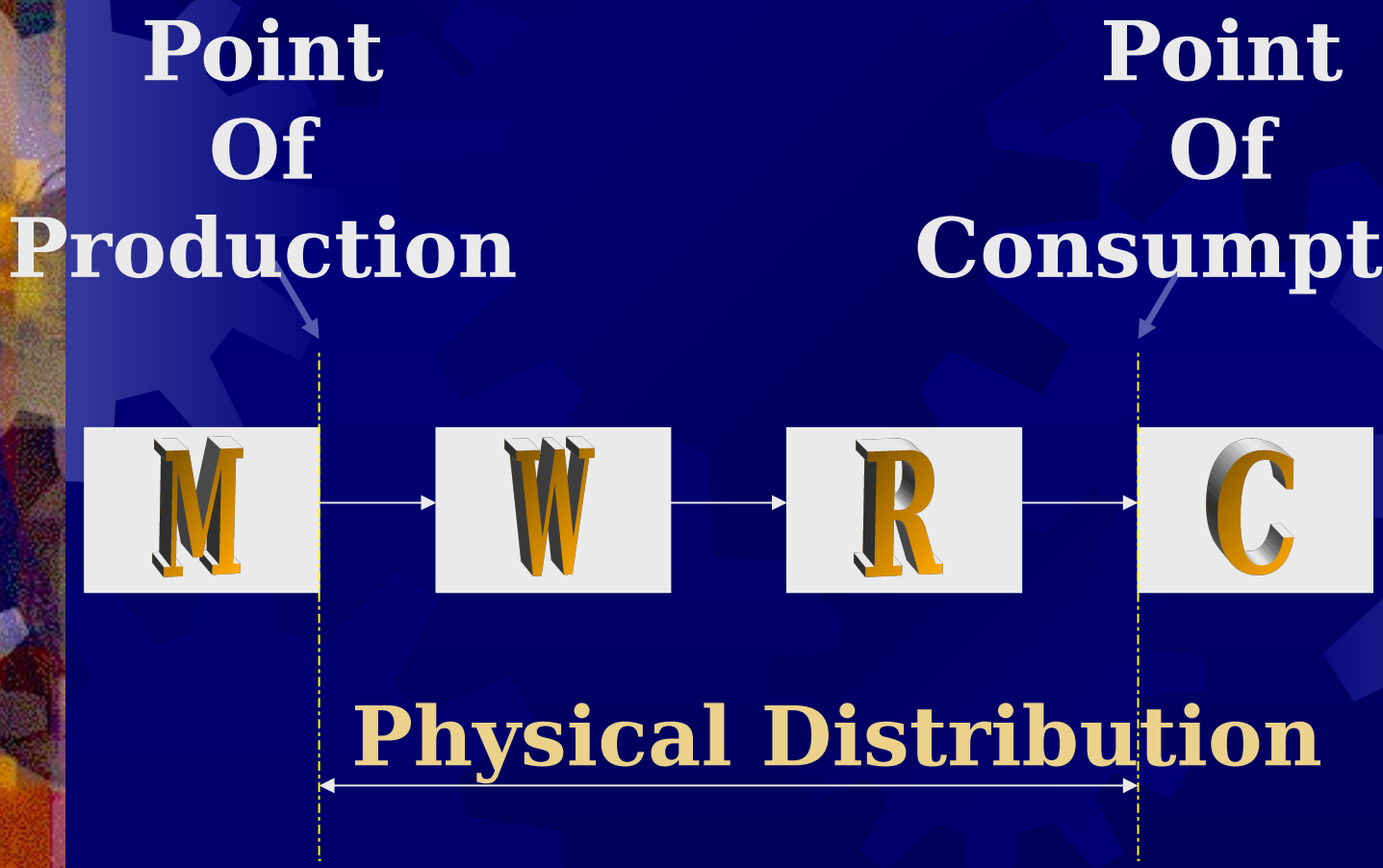
"(Along the Way to the 21st Century) Corporate America Discovered That It's Not Sufficient to Make It and Sell It – They Have to Get It to the Customer When and How the Customer Wants It."

George Gecowets, Recent President, CLM

Commercial Distribution



Physical Distribution



Military Distributio

- SSA (Army)
- [illegible]epartment
- Base Supply (Air
- SMU (Marines)

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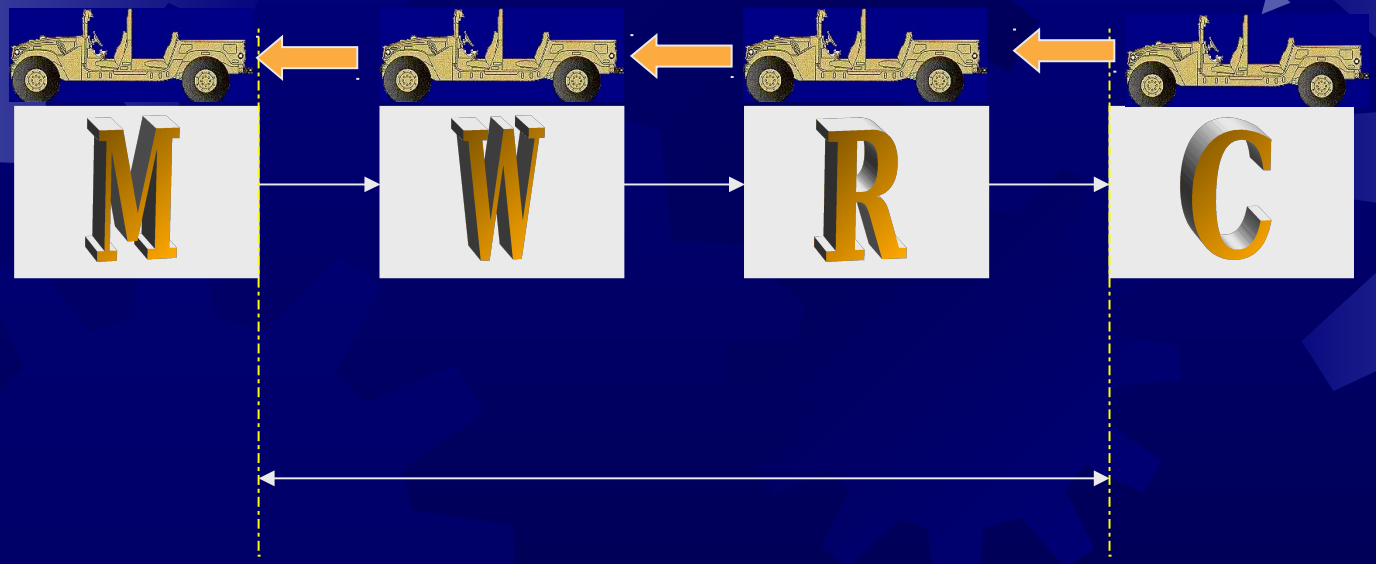
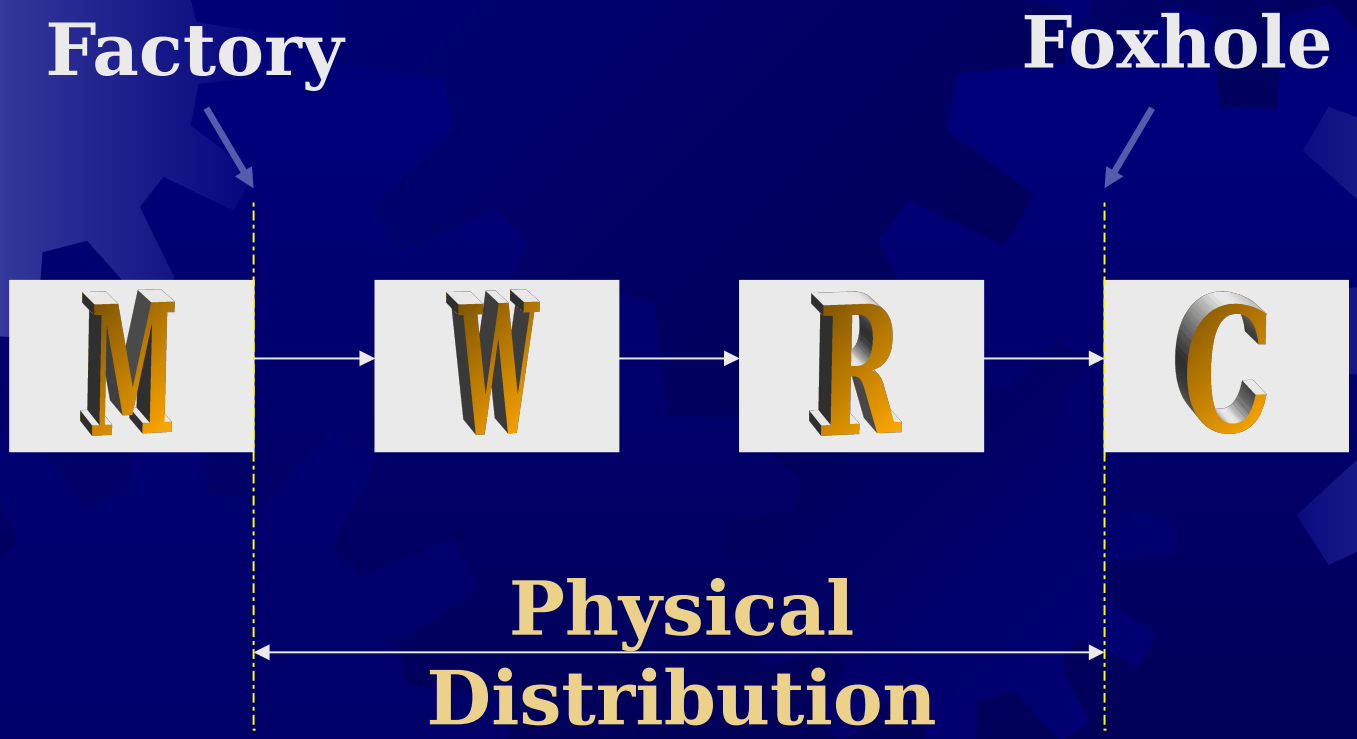


Physical Distribution--Military



PHYSICAL DISTRIBUTION

Physical distribution provides the logistics support necessary to match **MANUFACTURING** (procurement) to **MARKETING** goals (support of combat forces). It provides the means of having products at the right place, in the right quantity, at the right time. It involves the proper mix of storage locations, transport selection, inventory policy, and

PHYSICAL DISTRIBUTION

CIVILIAN MANUFACTURING

PHYSICAL DISTRIBUTION

DOD MANUFACTURING

PHYSICAL DISTRIBUTION

CIVILIAN MARKETING

PHYSICAL DISTRIBUTION

DOD MARKETING

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Four Subfunctions

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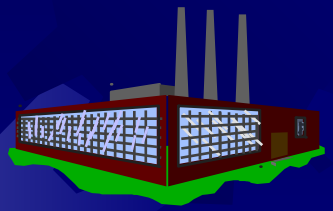
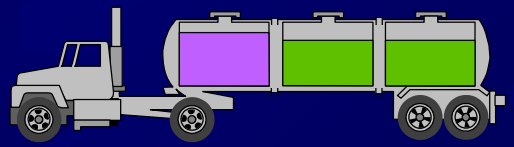
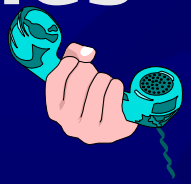
Physical Distribution Subfunctions





A. Facilities

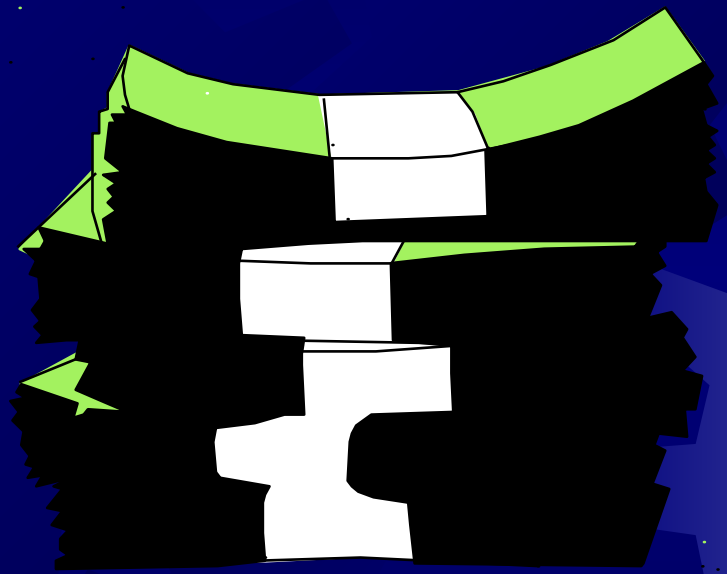
B. Transportation



C. Communication

D. Inventory Policy

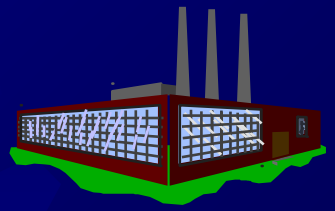
FACILITIES
Economic Reasons



- Demand
- Unit cost
- Procurement cost

Physical Distribution Subfunctions

A. Facilities



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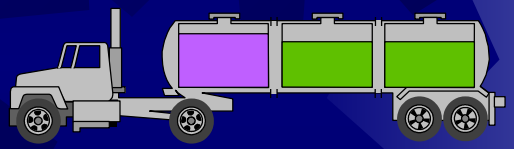
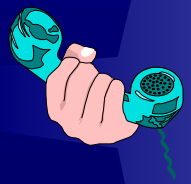
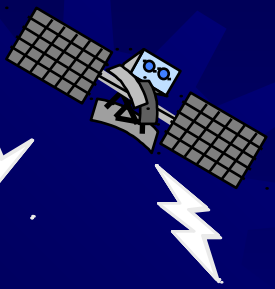
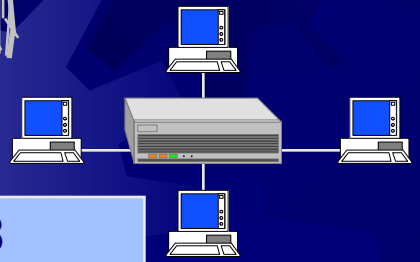


C. Communication



D. Inventory policy





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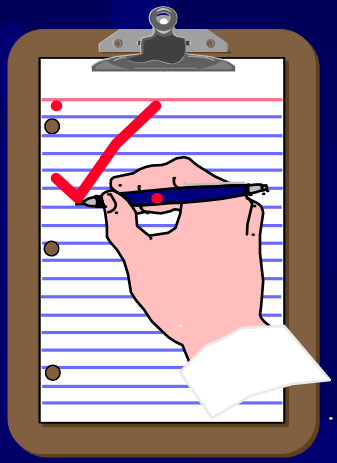
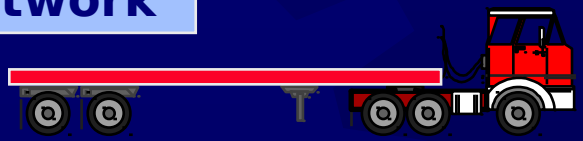
Networ

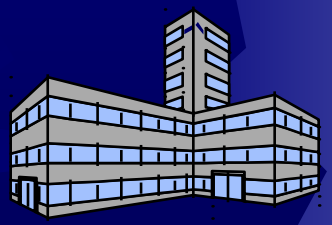


ventory Policy

NTERRELATIONSHIPS

Transportatio
Network





Facilities

Inventory Policy Impacts Facilities

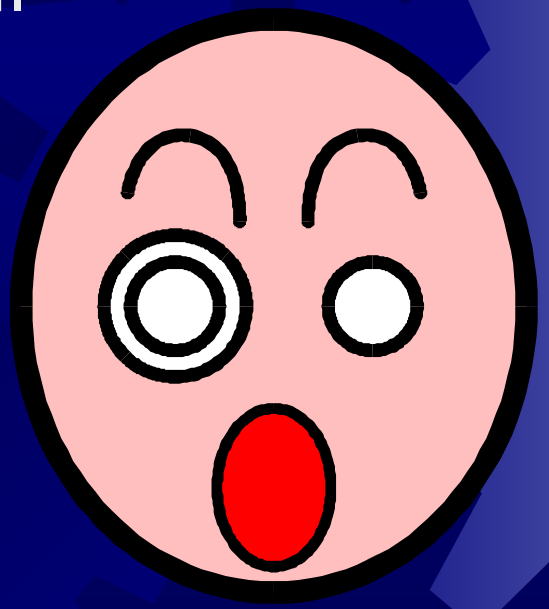
- Chill and freeze provisions for overseas customers
- Inventory decision made without consulting depot
- Depot workload increases
  - Number of sea containers
  - Number of line items
  - Special handling requirements

Inventory Policy Impacts Depot

- Shelf life reduction
- Delay in filling orders
- Labor dollar increase
- Detention penalties ($$$$$)
- Poor warehousing practices
  - Temporary stowing
  - Double handling

Amazon.com

- Decision to close multiple DCs
- No operating DCs were notified
  - Redistributed material
  - Detention charges
  - Personnel shortfall

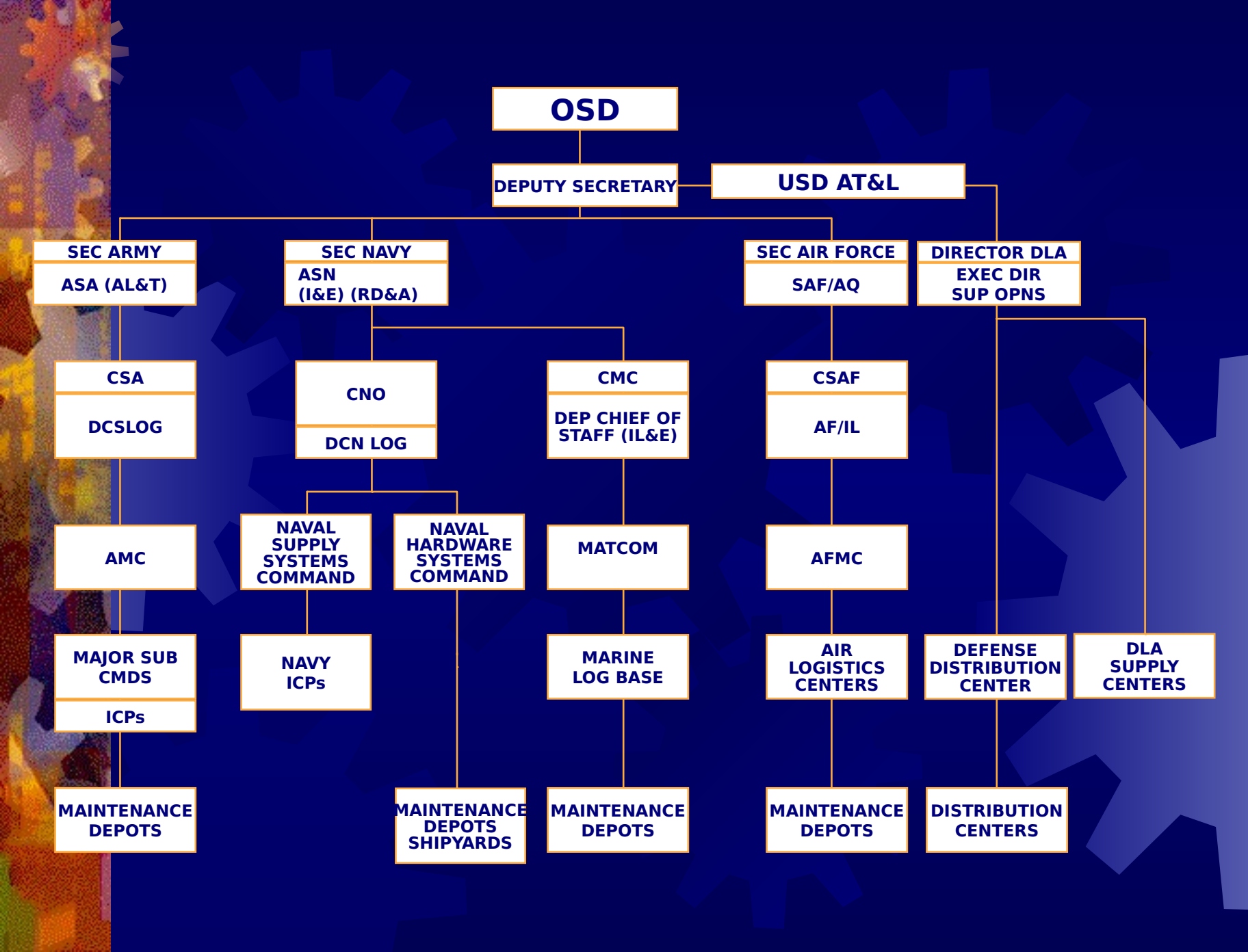


Objectives of Effective Distribution Systems

- Responsive
- Flexible
- Economical
- Resistant
- Automated
- Optimum use of storage

Performance Requirements

- Receive materiel
- Store materiel
- Configuration of shipmer
- Priority of shipmer
- Support of deployed forces


OSD
DEPUTY SECRETARY
USD AT&L
SEC ARMY
ASA (AL&T)
SEC NAVY
ASN (I&E) (RD&A)
SEC AIR FORCE
SAF/AQ
DIRECTOR DLA
EXEC DIR SUP OPNS
CSA
DCSLOG
CNO
DCN LOG
CMC
DEP CHIEF OF STAFF (IL&E)
CSAF
AF/IL
AMC
NAVAL SUPPLY SYSTEMS COMMAND
NAVAL HARDWARE SYSTEMS COMMAND
MATCOM
AFMC
MAJOR SUB CMDS
ICPs
NAVY ICPs
MARINE LOG BASE
AIR LOGISTICS CENTERS
DEFENSE DISTRIBUTION CENTER
DLA SUPPLY CENTERS
MAINTENANCE DEPOTS
MAINTENANCE DEPOTS SHIPYARDS
MAINTENANCE DEPOTS
MAINTENANCE DEPOTS
DISTRIBUTION CENTERS

DLA MISSION

MISSION

SUPPLY SUPPORT

C ES

TECHNICAL AND LOGISTICS SERVICES

65 Commodities

$3.4B inventory

$150M Transferred to Services Annually

$3.3B sales since FY93

DLA TIDBITS

INVENTORY AND DISTRIBUTION

- Manage 89% of DOD consumable item
- 4.0 million parts/commodities
- $12.8 billion sales annually
- 24.6 million transactions
- 22 distribution depots
- $9.6 billion materiel in storage

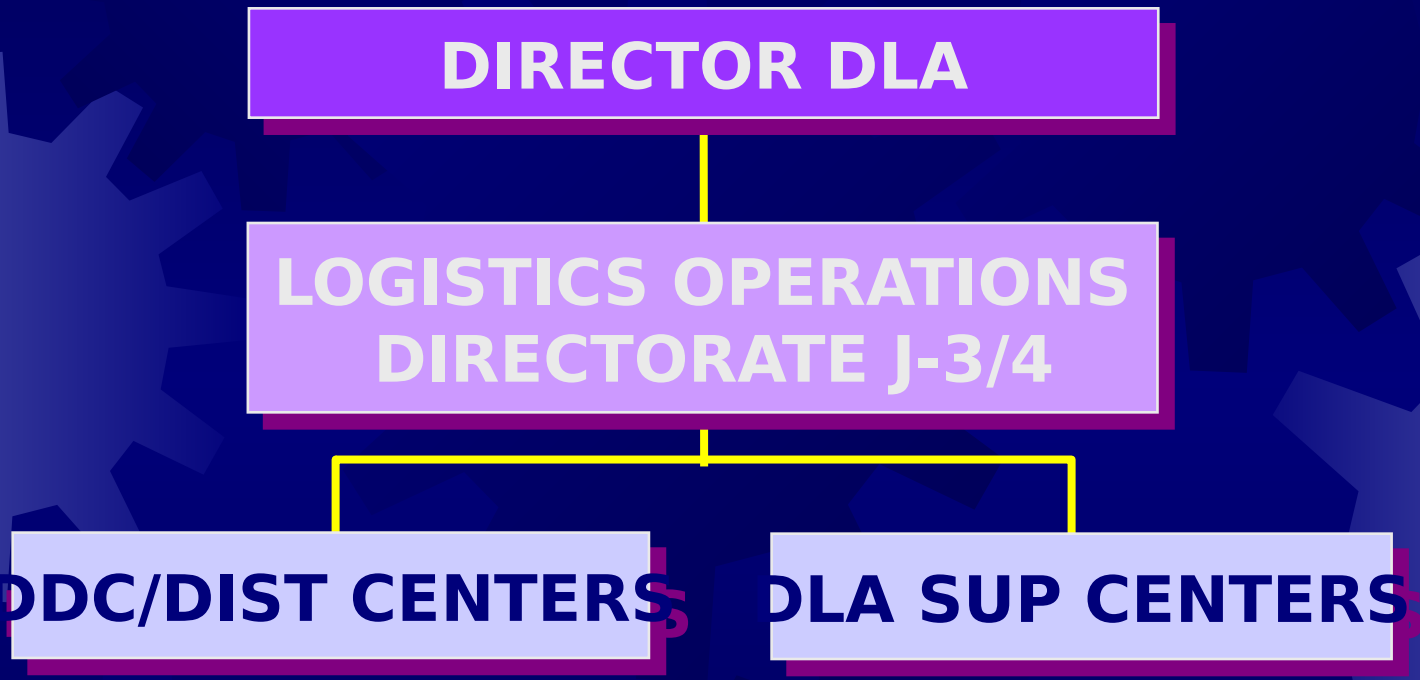
HOW DLA CONTRIBUTES

WITH DLA

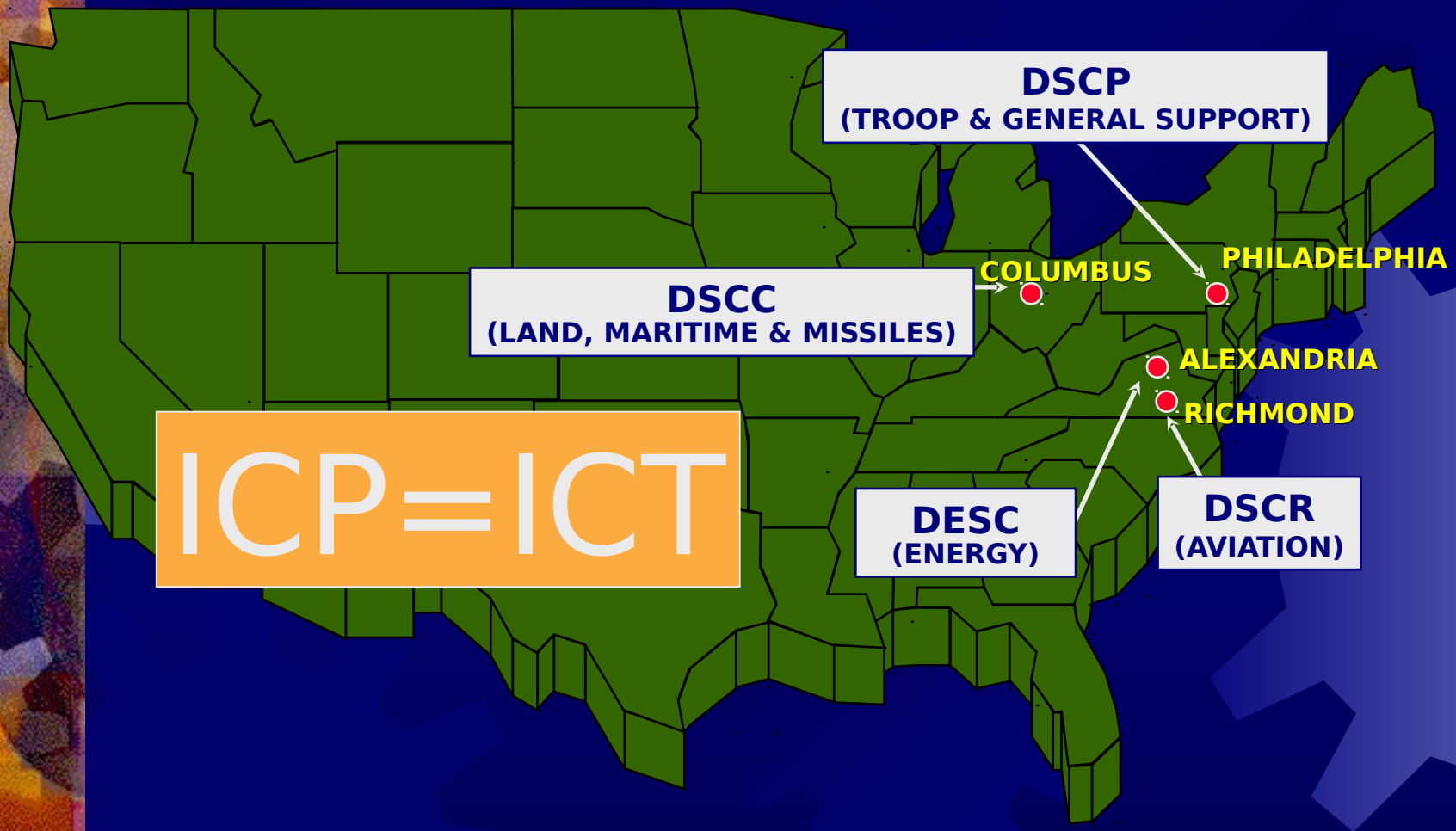
WITHOUT DLA

- 90% of Repair Parts
- 100% of Fuel and Package Petroleum
- 100% of Clothing/Medical/Food

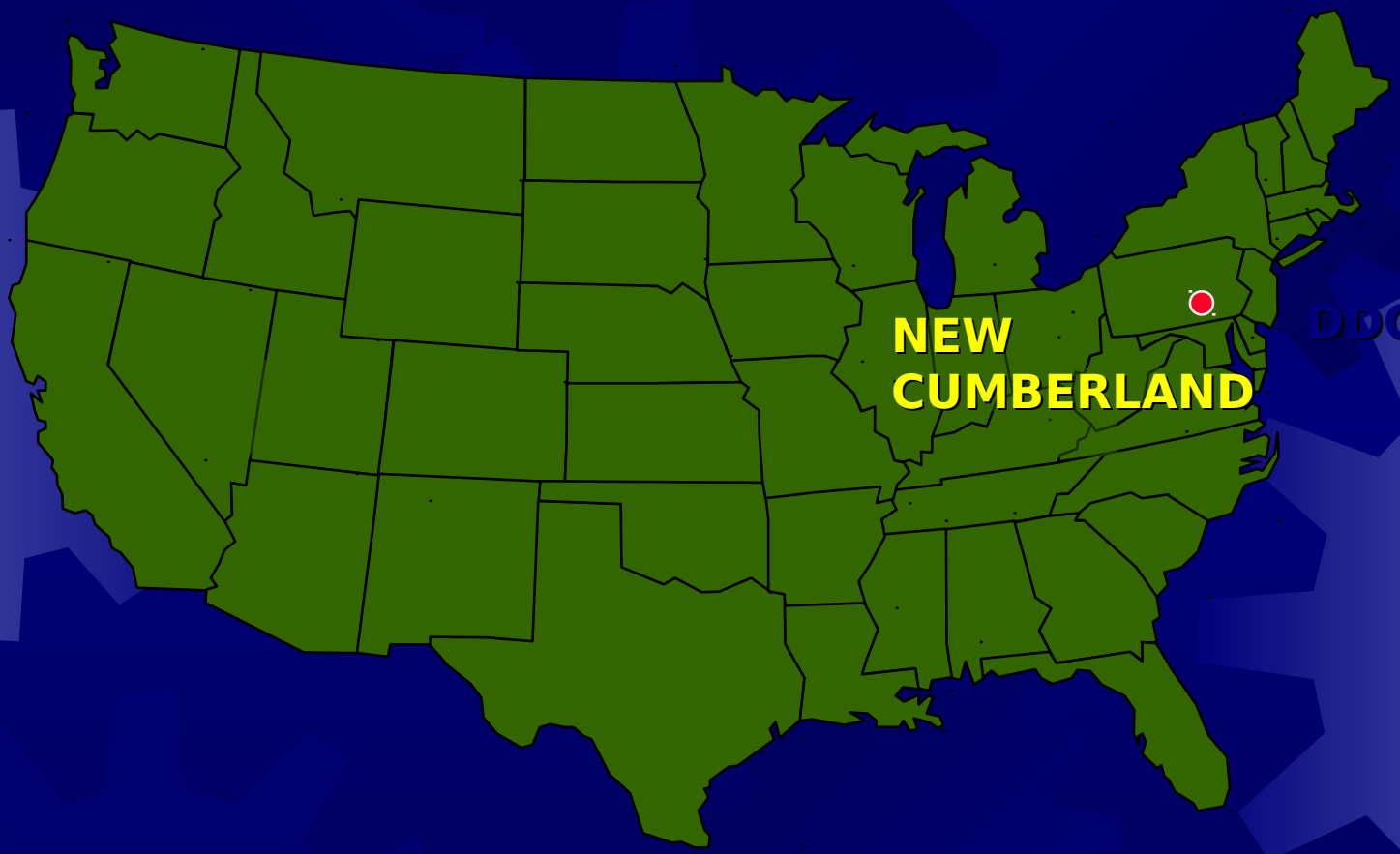
DEFENSE LOGISTICS AGENCY



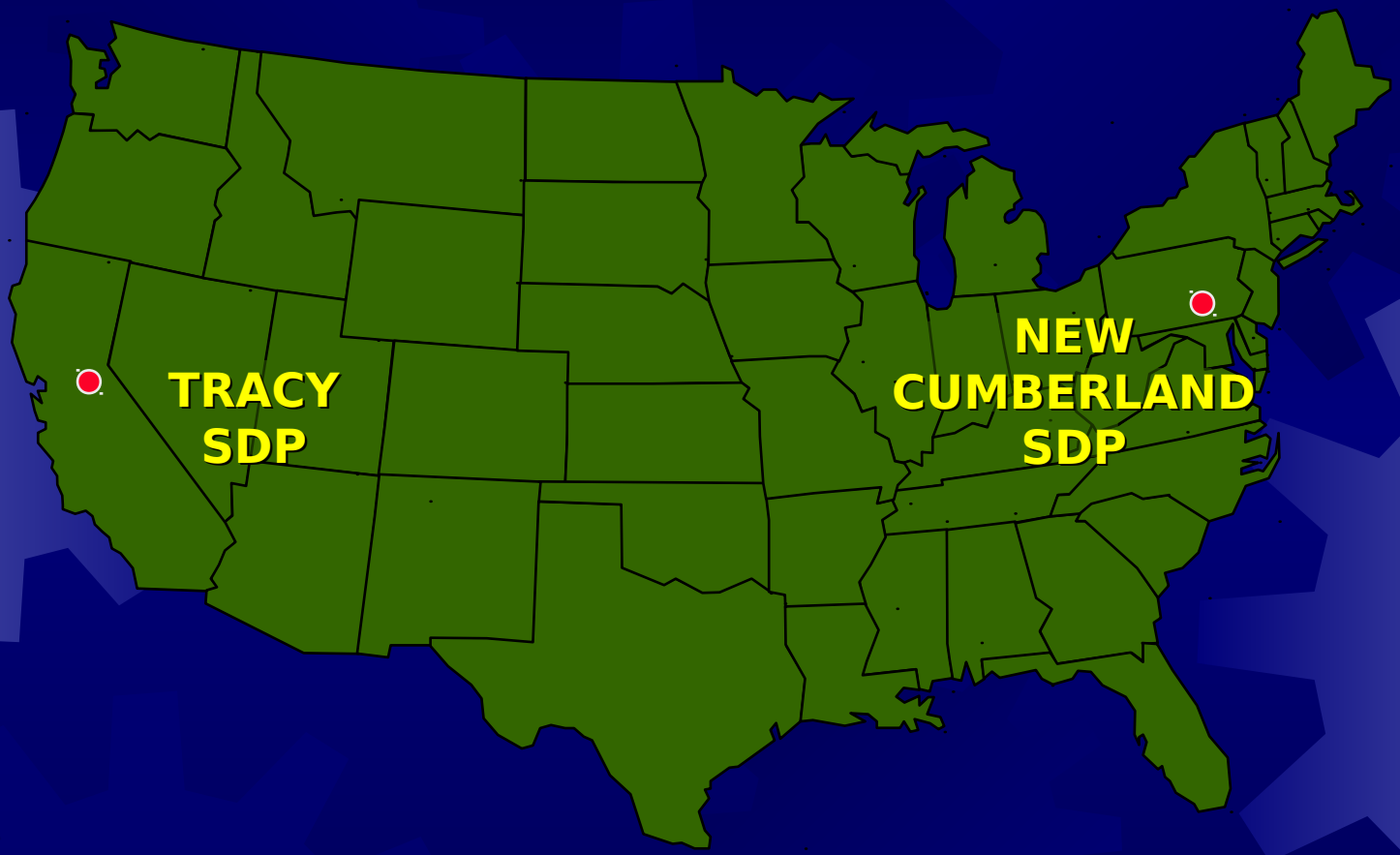
DLA SUPPLY CENTERS



Defense Distribution Center *



Defense Distribution Locations



DEFENSE DISTRIBUTION CENTERS

PACIFIC

- PEARL HARBOR, HI - DDPH
- YOKOSUKA, JAPAN - DDYJ

EUROPE

- GERMERSHEIM, GERMANY - DDDE

DEFENSE DISTRIBUTION CENTERS

CLOSED DEPOTS

X = BRAC/ NOW CLOSED

Conclusion

- Definitions
- Examples—Commercial and Military
- Four Subfunctions
- Objectives of Distribution Systems
- Performance Requirements
- DLA Mission
- DLA Organization

The Hudsucker Proxy Blue Letter,